



General Assembly

Bill No. 7504

June Special Session,
2001

LCO No. 9162

Referred to Committee on No Committee

Introduced by:

REP. LYONS, 146th Dist.

SEN. SULLIVAN, 5th Dist.

**AN ACT CONCERNING HOSPITAL RATES AND
DISPROPORTIONATE SHARE PAYMENTS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (d) of section 17b-239 of the general statutes is
2 repealed and the following is substituted in lieu thereof:

3 (d) The state shall also pay to such hospitals for each outpatient
4 clinic and emergency room visit a reasonable rate to be established
5 annually by the commissioner for each hospital, such rate to be
6 determined by the reasonable cost of such services, [but the
7 established rate for an outpatient clinic visit shall not exceed one
8 hundred sixteen per cent of the combined average fee of the general
9 practitioner and specialist for an office visit according to the fee
10 schedule for practitioners of the healing arts approved under section
11 4-67c, except that the outpatient clinic rate in effect June 30, 1992, shall
12 increase July 1, 1992, and each July first thereafter by no more than the
13 most recent annual increase in the consumer price index for medical
14 care.] The emergency room visit rates in effect June 30, 1991, shall

15 remain in effect through June 30, 1993, except those which would have
16 been decreased effective July 1, 1991, or July 1, 1992, shall be
17 decreased. [To the extent that the commissioner receives approval for a
18 disproportionate share exemption pursuant to federal regulations, the
19 commissioner may establish a rate cap for qualifying hospital
20 outpatient clinics up to one hundred seventy-five per cent of the
21 combined average fee of the general practitioner and specialist for an
22 office visit according to the fee schedule for practitioners of the healing
23 arts approved under section 4-67c.] Nothing contained herein shall
24 authorize a payment by the state for such services to any hospital in
25 excess of the charges made by such hospital for comparable services to
26 the general public. For those outpatient hospital services paid on the
27 basis of a ratio of cost to charges, the ratios in effect June 30, 1991, shall
28 be reduced effective July 1, 1991, by the most recent annual increase in
29 the consumer price index for medical care. For those outpatient
30 hospital services paid on the basis of a ratio of cost to charges, the
31 ratios computed to be effective July 1, 1994, shall be reduced by the
32 most recent annual increase in the consumer price index for medical
33 care. The emergency room visit rates in effect June 30, 1994, shall
34 remain in effect through December 31, 1994. The Commissioner of
35 Social Services shall establish a fee schedule for outpatient hospital
36 services to be effective on and after January 1, 1995. Except with
37 respect to the rate periods beginning July 1, 1999, and July 1, 2000, such
38 fee schedule shall be adjusted annually beginning July 1, 1996, to
39 reflect necessary increases in the cost of services. Notwithstanding the
40 provisions of this subsection, for the rate period beginning July 1, 2001,
41 the fee schedule shall be increased by ten and one-half per cent.

42 Sec. 2. Subsection (g) of section 17b-239 of the general statutes is
43 repealed and the following is substituted in lieu thereof:

44 (g) [Effective October 1, 1998, and annually thereafter, the
45 commissioner shall establish hospital inpatient rates in accordance
46 with the method specified in regulations adopted pursuant to this
47 section and applied for the rate period beginning October 1, 1997,

48 except that for the rate period beginning October 1, 1998, the
49 commissioner shall apply a three per cent annual adjustment factor to
50 the target amount per discharge in lieu of the annual adjustment
51 factor, if any, used to determine rates for prospective payment-system-
52 exempt hospitals under the Medicare program, and for succeeding rate
53 periods the commissioner shall not apply an annual adjustment factor.]
54 Effective July 1, 2001, the commissioner shall establish inpatient
55 hospital rates in accordance with the method specified in regulations
56 adopted pursuant to this section and applied for the rate period
57 beginning October 1, 2000, except that the commissioner shall update
58 each hospital's target amount per discharge to the actual allowable cost
59 per discharge based upon the 1999 cost report filing multiplied by
60 sixty-two and one-half per cent if such amount is higher than the target
61 amount per discharge for the rate period beginning October 1, 2000, as
62 adjusted for the ten per cent incentive identified in Section 4005 of
63 Public Law 101-508. If a hospital's rate is increased pursuant to this
64 subsection, the hospital shall not receive the ten per cent incentive
65 identified in Section 4005 of Public Law 101-508. For rate periods
66 beginning October 1, 2001, and October 1, 2002, the commissioner shall
67 not apply an annual adjustment factor to the target amount per
68 discharge.

69 Sec. 3. Section 19a-670 of the general statutes is repealed and the
70 following is substituted in lieu thereof:

71 (a) Within available appropriations, the Department of Social
72 Services may make semimonthly payments to short-term general
73 hospitals in an amount calculated pursuant to section 19a-671,
74 provided the total amount of payments made to individual hospitals
75 and to hospitals in the aggregate shall maximize the amount qualifying
76 for federal matching payments under the medical assistance program
77 and the emergency assistance to families program as determined by
78 the Department of Social Services in consultation with the Office of
79 Policy and Management. No payments shall be made to any hospital
80 exempt from taxation under chapter 211a. The payments shall be

81 medical assistance disproportionate share payments, including grants
82 provided pursuant to section 19a-168k, to the extent allowable under
83 federal law. In addition, payments may be made for authorized
84 emergency assistance to needy families with dependent children in
85 accordance with Title IV-A of the Social Security Act to the extent
86 allowable under federal law. The payments shall not be part of the
87 routine medical assistance inpatient hospital rate determined pursuant
88 to section 17b-239, as amended by this act. [except to the extent the
89 Commissioner of Social Services determines that increasing those rates
90 would be appropriate to resolve any civil action pending on April 1,
91 1994, in the United States District Court for the district of Connecticut
92 or the court orders such increase.] Payments shall be made on an
93 interim basis during each year and a final settlement shall be
94 calculated pursuant to section 19a-671 by the office for each hospital
95 after the year end based on audited data for the hospitals. The
96 Commissioner of Social Services may withhold payment to a hospital
97 which is in arrears in remitting its obligations to the state.

98 (b) (1) For the hospital fiscal year 1994, and subsequent fiscal years,
99 the commission or its designated representative shall conduct a cash
100 audit of the projected amount of uncompensated care, including
101 emergency assistance to families and underpayments against the
102 actual receipts of the hospital. In addition, the office or its designated
103 intermediary shall conduct an audit of the revenues, deductions from
104 revenue, discharges, days or other measures of patient volume for
105 hospitals for the purposes of termination and final settlement of
106 uncompensated care pool assessments and payments for the period
107 ending March 31, 1994.

108 (2) For the six-month period ending September 30, 1994, and for
109 each subsequent fiscal year, the office or its designated intermediary
110 shall conduct an audit of the revenues, deductions from revenue,
111 discharges, days or other measures of patient volume for hospitals for
112 the purposes of determining disproportionate share payments.
113 Included in this audit shall be a comparison of projected and actual

114 levels of medical assistance underpayment and uncompensated care.

115 (3) The total payments from the Department of Social Services
116 medical assistance disproportionate share-emergency assistance
117 account established pursuant to section 38 of public act 94-9* and made
118 in accordance with sections 19a-670 to 19a-672, inclusive, during the
119 fiscal year less any payments for emergency assistance to families, and
120 less any payments resulting from the resolution of or court order
121 entered in any civil action pending on April 1, 1994, in the United
122 States District Court for the district of Connecticut, shall be reallocated
123 to hospitals based on actual audited levels of medical assistance
124 underpayment, grants pursuant to section 19a-168k and
125 uncompensated care to determine the final payment for the fiscal year.

126 (4) If the final payment for a hospital for the hospital fiscal year, as
127 determined as a result of this audit, is less than the total payments the
128 hospital received during the same fiscal year excluding any prior year
129 audit adjustment, then the current hospital fiscal year remaining
130 semimonthly payments shall each be reduced by an amount equal to
131 the total excess payment divided by the number of remaining
132 semimonthly payments for the current hospital fiscal year.

133 (5) If the final payment for a hospital for the hospital fiscal year, as
134 determined as a result of this audit, is greater than the total payments
135 the hospital received during the same fiscal year, then the current
136 hospital fiscal year remaining semimonthly payments shall each be
137 increased by an amount equal to the total excess payment divided by
138 the number of remaining semimonthly payments for the current
139 hospital fiscal year.

140 (6) The office shall, by June 1, 1995, and June first of each
141 subsequent year, report the results of such audit for the previous
142 hospital fiscal year to the joint standing committee of the General
143 Assembly having cognizance of matters relating to public health. The
144 report shall include information concerning the financial stability of
145 hospitals in a competitive market.

146 (7) Notwithstanding the provisions of subdivisions (3) to (5),
147 inclusive, of this subsection, no adjustment of disproportionate share
148 payments to hospitals for purposes of final settlement shall be
149 implemented for the hospital fiscal years commencing October 1, 1997,
150 and October 1, 1998, provided every hospital subject to final settlement
151 for said fiscal years submits documentation in writing of its agreement
152 to forego such final settlement to the Commissioner of Social Services
153 in a form acceptable to the commissioner.

154 (8) Notwithstanding the provisions of subdivisions (3) to (5),
155 inclusive, of this subsection, for the hospital fiscal year commencing
156 October 1, 1999, and for each subsequent fiscal year, no adjustment of
157 disproportionate share payments to hospitals for purposes of final
158 settlement shall be determined or implemented.

159 (9) For the quarter ending September 30, 2001, no negative
160 adjustment to the disproportionate share payments to hospitals for
161 purposes of implementing the final one-quarter of the
162 disproportionate share final settlement for the hospital fiscal year
163 commencing October 1, 1998, shall be made. Any hospitals with a
164 positive adjustment to the disproportionate share payments for
165 purposes of implementing the remaining one-quarter of the hospital
166 fiscal year 1999 disproportionate share final settlement shall receive
167 payment of the adjustment through funds appropriated for said
168 purpose.

169 (10) The Department of Social Services may, within available
170 appropriations and with the approval of the Office of Health Care
171 Access and the Office of Policy and Management, make payment of
172 any final settlement amount determined to represent any and all
173 claims arising out of any incorrect payments to Yale-New Haven
174 Hospital for the fiscal quarter ending September 30, 1998, or the
175 hospital fiscal year ending September 30, 1999, or both. If such
176 incorrect payment, whether an overpayment or an underpayment, has
177 occurred as a result of the hospital's reporting incorrect information

178 and statistics to the Office of Health Care Access, the Office of Health
179 Care Access shall recompute the amount of any payments for the
180 indicated time periods, offsetting any underpaid amount by the
181 amount of any overpayment of funds for the indicated time period.
182 Yale-New Haven Hospital shall submit all information and
183 documentation determined necessary by the Office of Health Care
184 Access to make a final determination of the amounts due. Prior to the
185 release of any funds under this section, the hospital shall submit a
186 written release in a form satisfactory to the Secretary of the Office of
187 Policy and Management. The written release shall provide for
188 settlement of any and all claims which have been or could have been
189 brought challenging the amount of payment for the indicated periods.
190 Nothing in this section shall be construed to relieve the hospital from
191 any settlement or adjustments for any periods other than those
192 identified in this section.

193 (c) The Commissioner of Social Services is authorized to determine
194 exceptions, exemptions and adjustments in accordance with 42 CFR
195 413.40.

196 (d) Nothing in section 3-114i, subdivisions (2) or (29) of section
197 12-407, subsection (1) of section 12-408, section 12-408a, subdivision (5)
198 of section 12-412, subsection (1) of section 12-414, sections 12-263a to
199 12-263e, inclusive, sections 19a-646, 19a-659 to 19a-662 or 19a-666 to
200 19a-680, inclusive, or sections 1, 2, or 38 of public act 94-9* shall be
201 construed to require the Department of Social Services to pay out more
202 funds than are appropriated pursuant to said sections.

203 Sec. 4. (NEW) For the fiscal year ending June 30, 2002, and the fiscal
204 year ending June 30, 2003, the Department of Social Services may,
205 within available funds, make payments to all short-term general
206 hospitals located in distressed municipalities, as defined in section 32-
207 9p of the general statutes, with a population greater than seventy
208 thousand. The payment amount for each hospital shall be determined
209 by the Commissioner of Social Services based upon the ratio that the

210 number of inpatient discharges paid by Medicaid on a fee-for-service
211 basis to the hospital for the most recently filed cost report period bears
212 to the total hospital discharges paid by Medicaid on a fee-for-service
213 basis for all qualifying hospitals. Notwithstanding the provisions of
214 this section, no payment shall be made to a facility licensed as a
215 children's hospital.

216 Sec. 5. Except as otherwise provided in subsection (w) of section 47
217 of house bill 7501 of the current session, for the fiscal years ending June
218 30, 2002, and June 30, 2003, the following sums shall be paid from
219 funds appropriated to the Department of Social Services for Hospital
220 Finance Restructuring Funding in subsection (a) of section 47 of house
221 bill 7501 of the current session:

| | | |
|----|------------------------|-------------|
| T1 | Hartford Hospital | \$3,412,244 |
| T2 | Saint Francis Hospital | \$2,709,583 |
| T3 | Stamford Hospital | \$2,485,860 |

222 Sec. 6. This act shall take effect July 1, 2001.